

Committee
Registry (2.3)

IC-74-2130
18 November 1974

MEMORANDUM FOR: Chief, PRD

THROUGH

: [REDACTED]

SUBJECT : Ad hoc Intelligence Group on Exchanges
(IGE)

1. The attached draft report reflects more pragmatic thinking about the IGE's role in the community. Principally, the IGE concedes net assessment and/or policing technology loss as beyond their scope. In the current draft the IGE does not seek USIB Committee status, but will function essentially as its predecessor organization. The IGE requests ad hoc status coupled with an annual review. The IGE also requests that the intelligence community agencies assign sufficient priority to upgrade their contribution to the exchange problem.

2. These recommendations contradict those proposed earlier. During the week of 11 November, [REDACTED] had a telephone conversation with [REDACTED] Chairman IGE. I understand [REDACTED] conveyed concern about the IGE as a permanent USIB Committee, policing technology losses, and pursuing net assessments. At that time [REDACTED], essentially, related to [REDACTED] the outline described above.

3. The IC Staff has been successful in preventing USIB committee proliferation, however, the alternatives mentioned previously may still be worthy of consideration. Since the IGE will be serving technology consumers in the intelligence community, we might open the possibility of establishing the IGE as a Subcommittee to the SIC or HRC. I have introduced the proposal to [REDACTED] Chairman SIC, but have not received a reaction. Please advise if you feel additional initiatives should be taken. Otherwise, I will consider IGE draft proposal as acceptable and desirable.

[REDACTED]
IC/PRD/TB

Attachment:

Draft USIB Report.

Approved For Release 2004/05/05 : CIA-RDP80M01082A000400080001-3
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IC/PRD: [REDACTED] (18NOV74)

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14 November 1974

MEMORANDUM FOR: Members ICE
FROM : Chairman ICE
SUBJECT : Draft USIB Report

1. The ICE meeting has been rescheduled to 0915, 21 NOV 1974, 8th floor conference room.
2. The attached draft USIB report will be discussed at our next meeting.
3. All corrections, queries, and comments pertaining to the appendices of this draft report should be addressed to

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I. Background

A. A principal reason for the Intelligence Board's action in establishing the ad hoc Intelligence Group on Exchanges (IGE) was to respond to concern that under "detente" the US is giving the USSR, through the export of advanced technology and industrial know-how, significant military and economic advantages, while it appears to many responsible US officials that the US is getting very little, if anything, in return.

B. This was and is a problem of national scope. There are important intelligence ramifications but there are also many considerations which are beyond the purview of the Intelligence Board. The necessity of grappling with a national problem while staying within the confines of Intelligence Board responsibilities has proven to be very difficult. As a consequence, the IGE's Interim Report of 21 May 1974 (USIB-D-43.1/4) was basically unsatisfactory to most Intelligence Board members. Some criticized the report for staying too close to the traditional parameters of Community activity; others apparently feared that the IGE was preparing to intrude into the prerogatives of other departments and agencies, into policymaking, or into criticism of the policy makers.

II. Net Assessment

A. In spite of long deliberation, the IGE has not satisfied its members (largely representatives of the Department of Defense) who are principally troubled by technology losses and who want net or damage assessments performed and stronger measures adopted to stem or control the export of US technology and technological data. The consensus is, however, that other US government mechanisms are available for these purposes and that the IGE need not and should not be directly involved in net assessment and control of US technology loss.

B. The Intelligence Board directed the IGE (USIB-M-670) to "prepare a list and review of [the] mechanisms" which do perform these functions. The IGE finds that they are independently organized but with considerable interrelationship and that they may be divided into three tightly defined areas of responsibility.

1. One group is responsible for the overall administration of US export policy (See Attachment "A," and accompanying diagram, "Interagency Coordination");
2. A second group is responsible for the administration of classified technology and visitor controls and for counterintelligence and internal security (See Attachment "B"); and

3. A third group performs assessment of the net

gain or loss from exchanges and commercial contacts and reviews the effectiveness of the administrative mechanism supporting US exchanges and commercial contacts (See Attachment "C" and accompanying diagram, "Interagency Coordination").

III. The Role of Intelligence

A. The Intelligence Board also directed the ICE to "review and make recommendations regarding the role of intelligence in exchanges."

In considering this charge, the ICE restricted itself to a study of its own role.

B. The ICE:

1. is asked to provide intelligence opinion and advice to those US Government departments, agencies, and organizations responsible for administering US exchanges with the USSR and Eastern Europe; similar support requests are occasionally received on US "unofficial" exchanges with the PRC and may increase sharply if problems related to the extreme sensitivity of the US-PRC relationship are resolved;

2. is also asked for frequent similar support for those US Government departments, agencies, and

organizations responsible for administering US commercial relationships with the USSR and East Europe, and

3. is responsible for supporting those engaged in foreign intelligence collection based on the opportunities afforded by exchanges and commercial contacts.

C. The ICE mechanism to handle requests for intelligence opinion and advice on exchanges and commercial contacts and to support collection efforts based on them had fallen into disarray until reconstituted by the Intelligence Board in March 1974. The ICE is a consultative committee which meets often (approximately 10 times from March-October 1974) and whose members provide the intelligence support requested through the ICE Secretariat. The Secretariat is the action element of the ICE. It is presently staffed by two full-time CIA officers, an Intelligence Assistant, and a Secretary. An examination of the functions of the Secretariat in detail reveal much about the current "role of intelligence in exchanges" (See Attachment "D").

D. The ICE's recommendations on the "role of intelligence in exchanges" are included with other recommendations in paragraph VI below.

IV. Developments Since March 1974

A. Progress

1. As a committee, the IGE has made real progress in understanding the scope and complexity of exchanges and commercial contacts, the differing and complementary roles of the many US Government mechanisms involved, and its own goals and objectives;

2. The IGE Secretariat has been reconstituted and is performing effectively, although with increasing difficulty as its workload mounts;

3. The Department of State has amended visa procedures for Soviet commercial visitors to provide more information concerning the nature and purpose of visits and to facilitate dissemination of information and prior consultation among interested US Government agencies. Consideration is also being given to developing new visa procedures for East European commercial visitors;

4. The Department of the Air Force has organized an internal "IGE" representing its intelligence and security components to increase support and respond better to requests; and

5. The Defense Intelligence Agency has also taken steps better to organize support to the IGE and through the Secretariat.

B. The Workload

Since March 1974, however, the scope of the problem and the workload have continued to grow sharply.

The specialized cooperative agreements under the US-USSR General Agreement of 19 June 1973, have increased from 8 to 11 with the 1974 addition of agreements on Energy, Housing, and Research on an Artificial Heart.

The overall growth of these new working groups and their attendant projects have substantially increased the time required, volume, and complexity of the intelligence support. In addition, the ongoing projects are causing greater problems because of lack of lead time; (See

Attachment "E," "US-USSR Specialized Cooperative Agreements" and Attachment "F," "Statistics on Exchange Visits [US-USSR].")

2. Past student exchanges with the USSR were based on understandings of the maximum number of students to be exchanged; now, however, the Soviets have insisted on agreements which stipulate the minimum number to be exchanged, leaving the possibility of great increases in Soviet students without long advance notice; (See Attachment "G," "Soviet Students [1974].")

3. The present limited student, S&T, and separate bilateral exchanges between the US and East Europe may become full-fledged government-to-government agreements, similar to the one between the US and Romania (See Attachment "H," "Exchanges Visitors from Eastern Europe"); and

4. Commercial contacts between the US and the USSR, East Europe, and the PRC continue to proliferate at a rate which is difficult to appreciate fully. The Department of State estimates that 750 Soviet commercial visitors came to the US in 1973. (The FBI estimate is 1,299.) If legislation is passed to expand most favored nation treatment to the USSR and ExIm bank authorization is renewed permitting the US to compete with Western Europe and Japan in providing export financing, the US Embassy, Moscow, foresees a minimum 25% increase of commercial visitors in 1975. The probable implementation of new visa procedures

with respect to East European commercial visitors will lead to a further workload but for the first time will allow the ICE to monitor the volume and complexity of these exchanges. (See Attachment "I," "Soviet and East European Commercial Visitors")

(See the following attachments for further information on US-USSR, Eastern European exchange agreements:

J. Current US-USSR Agreements

K. Other Agreements)

V. Current Problems

In spite of apparent progress, the current task is beyond the capability of the ICE mechanism. With the significant increase in exchanges and commercial contacts illustrated above, the Intelligence Community is falling farther behind in its responsibilities. There is no agreed Intelligence Community priority for the ICE effort and, therefore, improvements to date have been ad hoc, limited, and uneven.

A. Staffing

Only CIA has provided priority support to the ICE, including a Chairman, the Secretariat, and significant analytical effort; the absence of an agreed Intelligence Community priority has prevented other ICE members from making a contribution of the same magnitude.

B. Analytical Input

CIA is able to respond quickly to requests for intelligence advice and opinion because its analytical resources are concentrated in Washington. The analytical components of some other IGE members, however, are located outside of the Washington area; to obtain their responses may require up to one week. As a consequence, a disproportionate share of intelligence advice and opinion on exchanges and commercial contacts has come from CIA. Generally, the input of the other IGE members has been on the national security implications of exchanges and commercial contacts. Reliance primarily on CIA analysis denies the special competence and unique intelligence inputs of the other IGE members.

C. The PRC

The Department of State has not yet asked the IGE to provide intelligence advice and opinion on US exchanges and commercial contacts with the PRC because of the sensitivities of the unique relationship between the US and the PRC. The responsible organization for most exchanges with the PRC, the Committee on Scholarly Communication, has declined to deal directly with Intelligence Community representatives.

D. The Assignment of Escort Officers to Commercial Delegations
Visiting the US

A new issue not discussed in the Interim ICE Report has resulted from the continuing concerns that US interests are adversely affected by commercial contacts between US and Soviet commercial representatives. By arrangement with the Department of Commerce, the Department of Defense has attached escort officers to selected Soviet commercial delegations visiting the US. The intent is for the escort officer to monitor (control) possible transfer of sensitive technology during such visits but early experience indicates that an escort officer cannot accomplish this. However, he can function as an intelligence collector. The assignment of an escort officer for control purposes is not a proper ICE function.

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The question is now raised, however, whether the ICE should become reinvolved

in coordinating the assignment of intelligence collectors to exchange and selected commercial delegations.

VI. Recommendations

The IGE recommends:

A. That the IGE and its Secretariat need not and should not be directly involved in net assessment and/or control of US technology loss;

B. That the IGE and its Secretariat should function essentially as its predecessor organizations did, under Intelligence Board authorities and without sharply increased responsibilities. The IGE will respond to the requests of the Department of State for intelligence advice or opinion on specific exchanges or commercial relationships and will be prepared to provide similar support to cover relationships which may develop in the future between the US and other countries designated by the Department of State (e.g., the PRC or Cuba);

C. That the Intelligence Board reaffirm the IGE's status as an ad hoc committee of the Intelligence Board, with yearly review and justification, to ensure continuity of its effort;

D. That the Intelligence Board assign priority sufficient to allow IGE member departments and agencies to upgrade the level of their contribution;

E. That the ICE be renamed the ad hoc Interagency

Committee on Exchange ; and

F. That Director of Central Intelligence Directive 2/6
be issued to reflect the continuing status of the renamed ICE.